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Shannon Bowyer Hudson
Counsel for ORS

April 11, 2018

VIA U.S. MAIL

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (6th Continuing AIR)
2017-305-E (5th Continuing AIR)
2017-370-E (5th Continuing AIR)

Dear Ms. Boyd:

Please find enclosed the South Carolina Office of Regulatory Staff's Continuing Audit Information Request ("AIR") for the consolidated dockets referenced above along with its cover letter which was served on South Carolina Electric & Gas Company and Dominion Energy, Inc. today.

Sincerely,

Shannon B. Hudson

Shannon B. Hudson

Enclosure

cc: F. David Butler Esquire (via e-mail)
Joseph M. Melchers, Esquire (via e-mail)
All Parties of Record in Docket No. 2017-305-E (via e-mail)
All Parties of Record in Docket No. 2017-207-E (via e-mail)
All Parties of Record in Docket No. 2017-370-E (via e-mail)

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*Shannon Bowyer Hudson
Counsel for ORS*

April 11, 2018

VIA ELECTRONIC MAIL

K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
220 Operation Way-MC C222
Cayce, South Carolina 20033-3701

Lisa S. Booth, Esquire
Dominion Energy Services, Inc.
120 Tredegar Street
P.O. Box 26532
Richmond, Virginia 23261-6532

Re: Continuing Audit Information Request ("AIR") for Consolidated Docket Nos.:
2017-207-E (7th Continuing AIR)¹
2017-305-E (6th Continuing AIR)¹
2017-370-E (6th Continuing AIR)

Dear Mr. Burgess and Ms. Booth:


Please find enclosed and served on you South Carolina Office of Regulatory Staff's ("ORS") Continuing Audit Information Request as referenced above. Please note that pursuant to S.C. Code § 58-4-55(A), ORS is requiring that the responses be provided under oath. ORS also asks that individual responses be provided early if they are completed prior to the due date.

(Continued...)

¹ A First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 was sent to SCE&G and has been responded to. Commission Order Nos. 2017-769 and 2017-770 were issued in Docket Nos. 2017-305-E and 2017-207-E. The First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770 is being treated as a chronology separate and apart from the AIRs referenced above. For clarity, Dominion Energy, Inc. was not served the AIR issued pursuant to Order Nos. 2017-769 and 2017-770 or the 1st Continuing AIR in Docket No. 2017-207-E.

K. Chad Burgess, Esquire
Lisa S. Booth, Esquire
April 11, 2018
Page 2

Sincerely,



Shannon B. Hudson

Enclosure

cc: Matthew W. Gissendanner, Esquire (via e-mail)
Byron Hinson (via e-mail)
Mitchell Willoughby, Esquire (via e-mail)
Belton T. Zeigler, Esquire (via e-mail)
Robert A. Muckenfuss, Esquire (via e-mail)
Joseph K. Reid, III, Esquire (via e-mail)
Elaine S. Ryan, Esquire (via e-mail)
Ellen T. Ruff, Esquire (via e-mail)
J. David Black, Esquire (via e-mail)

DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

IN RE: Friends of the Earth and Sierra Club,) **SOUTH CAROLINA OFFICE**
Complainant/Petitioner v. South Carolina) **OF REGULATORY STAFF'S**
Electric & Gas Company,) **SEVENTH AND**
Defendant/Respondent) **CONTINUING AUDIT**
) **INFORMATION REQUEST**
) **FOR RECORDS AND**
) **INFORMATION**

IN RE: Request of the South Carolina Office of Regulatory Staff for Rate Relief to SCE&G Rates Pursuant to S.C. Code Ann. § 58-27-920) **SOUTH CAROLINA OFFICE**
) **OF REGULATORY STAFF'S**
) **SIXTH AND CONTINUING**
) **AUDIT INFORMATION**
) **REQUEST FOR RECORDS**
) **AND INFORMATION**

[illegible]

**TO: ATTORNEYS FOR SOUTH CAROLINA ELECTRIC & GAS COMPANY:
K. CHAD BURGESS, ESQ., MATTHEW W. GISSENDANNER, ESQ., MITCHELL
WILLOUGHBY, ESQ., AND BELTON T. ZEIGLER, ESQ., REPRESENTATIVES**

ATTORNEYS FOR DOMINION ENERGY, INC.:
LISA S. BOOTH, ESQ., ROBERT A. MUCKENFUSS, ESQ., JOSEPH K. REID, III,
ESQ., ELAINE S. RYAN, ESQ., J. DAVID BLACK, ESQ., AND ELLEN T. RUFF,
ESQ.

I. INSTRUCTIONS

The South Carolina Office of Regulatory Staff (“ORS”) hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, 58-27-1570, 58-27-1580, and 58-33-277 that South Carolina Electric & Gas Company (“SCE&G” or “Company”) and Dominion Energy, Inc. (“Dominion”) (collectively the “Parties” or “Applicants”) provide responses in writing and under oath and serve the undersigned on or before **April 25, 2018** to (1) ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201, (2) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, (3) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, and (4) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and “provide” mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUIRED:

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- That SCANA/SCE&G respond only unless Dominion is included in the request.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 ½" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Dawn Hipp [803.737.0814], Anthony James [803.737.2090], Jay Jashinsky [803.737.1984], Jeffrey M. Nelson, Esquire [803.737.0823], Jenny Pittman, Esquire [803.737.0794], or Shannon Bowyer Hudson, Esquire [803.737.0889] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, the Parties shall provide four (4) sets of CDs with each containing a set of the responses in a searchable format, and seven (7) paper copies/binders of responses to ORS. In addition, the Parties shall load the e-room with the responses the same day the responses are due to ORS. Parties shall provide one (1) set of CDs with each containing a set of the responses in the same format as provided to ORS to (1) Norm Richardson, Anchor Power Solutions, LLC, 32 Dunaire Court, Mableton, GA 30126, [404-348-0096], (2) Lane Kollen, J. Kennedy and Associates, Inc., 570 Colonial Park Drive, Suite 305, Roswell, GA 30075, [770-992-2027], and (3) Jones Partners at 1555 W. Astor St., Suite 22W, Chicago, IL 60610, [312-643-0498], via overnight delivery. Working copies of all spreadsheets (not in Adobe) with all formulas and calculations intact are to be provided to J. Kennedy and Associates (via the e-room) and ORS.
- If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.

- In addition to the signature and verification at the close of the Parties' responses, the Parties' witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response shall be indicated at the bottom of each response.
- This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.
- For responses regarding the V.C. Summer Units 2 & 3 Project, please provide all responses to reflect SCE&G's 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.
- The following Attachments are to be completed as requested below:
 - None

II. REQUESTS

Acronyms

For purposes of the following information requests, the following acronyms may apply:

Allowance for Funds Used During Construction ("AFUDC")

Audit Information Request ("AIR")

Dominion Energy, Inc. ("Dominion")

Dominion Energy Services, Inc. ("DES")

Dominion Energy Carolina Gas Transmission ("CGT")

Federal Energy Regulatory Commission ("FERC")

Public Service Commission of South Carolina ("Commission")

SCANA Corporation ("SCANA")

SCANA Services, Inc. ("SCANA Services")

Sedona Corp. ("Sedona")

South Carolina Electric & Gas Company ("SCE&G")

South Carolina Office of Regulatory Staff ("ORS")

V.C. Summer Units 2 & 3 Project ("NND Project")

Natural Gas

- 6-1. Explain the benefits to Dominion Energy from added demand for natural gas due to the construction of a new gas-fired electric generation plant in South Carolina constructed by SCE&G.
 - a. Please provide all analyses conducted, written reports, memos, reports, or documentation of any kind created in the evaluation and determination of a benefit.
- 6-2. Explain the financial impact on Dominion Energy, or its affiliates, related to the acquisition of SCANA's natural gas holdings.
 - a. Please provide all analyses conducted, written reports, memos, reports, or documentation of any kind created in the evaluation and determination of the impact to Dominion's stock value.
- 6-3. If the Atlantic Coast Pipeline were extended into South Carolina, how much natural gas capacity would be added to CGT?
- 6-4. Identify Dominion's plans for raising the capacity of CGT or for otherwise upgrading capacity for CGT.
- 6-5. Explain whether, in the five (5) years following the proposed merger, there are plans with the following entities or affiliates of the following entities to build facilities in the territories of SCE&G and/or provide services (including, but not limited to, marketing/purchasing services and/or assuming the operations or function of any SCANA subsidiary) to SCE&G or SCANA:
 - a. Dominion MLP Holding Company, LLC
 - b. Dominion Midstream GP, LLC
 - c. Any entity owned by (a) and/or (b)

Request for Documents

- 6-6. Provide all documents, including emails, regarding the NND Project from the period April 1 through November 30, 2015 containing the words, "Kevin Marsh" and "Bechtel." Please conduct a search for the same time period for documents containing the words, "Kevin Marsh" and "project manager"
- 6-7. Provide all correspondence and documents, including emails, that concern the removal of the projected completion dates in the draft version of the Bechtel report dated Nov. 9, 2015, from the final version published in February 2016.
- 6-8. Provide all documents, including emails, that discuss the hiring of attorney George Wenick as it relates to the Bechtel corporation and the report it produced.

- 6-9. Provide all documentation discussing release of the Bechtel report.

Compensation

- 6-10. The Supplementary Key Executive Severance Benefits Plan included in the December 2017 10K identifies an amount of \$110.7 million for certain payments to qualified senior executive officers in connection with a change of control.
- Identify the top five qualified senior executive officers eligible to receive the benefits;
 - Identify the amount set aside associated with the above positions;
 - Identify whether any amount is associated with employees whose primary responsibility was the new nuclear project.
- 6-11. Provide a listing of all employees who received a bonus incentive for the year 2018 by name, title, and the amounts received.
- 6-12. Provide a listing of all employees who received a raise in 2018 by name, title, previous salary amount, new salary amount, and percentage increase.
- 6-13. Explain what monetary benefits employees may receive linked to stock price. Explain how the benefit is calculated and linked to or indexed to share price. In answering this question, the receipt of shares is not deemed a monetary benefit.
- If monetary benefits are provided to employees that are linked to stock price, list the total amount paid by year for 2016, 2017, and 2018 and the total number of employees who received the benefit.
 - For each year of 2016, 2017, and 2018, list the five employees who received the greatest monetary benefit and the amount received.
 - State the total cost of monetary benefits SCANA employees will receive using Dominion's share-exchange bid price for SCANA. Please state the SCANA share price used as the basis for the calculation.

Construction on NND Project

- 6-14. Provide the original substantial completion dates from the Westinghouse (WEC)/ Chicago Bridge & Iron (CB&I) Revised, Fully Integrated, Construction Schedule, that WEC/CB&I provided to SCE&G in the third quarter of 2014 as referenced in the Steve Byrne Direct Testimony from Docket 2015-103-E, Page 36, Line 10.
- 6-15. Provide the final SCE&G approved substantial completion dates from the Revised, Fully Integrated, Construction Schedule, as referenced in the Steve Byrne Direct Testimony from Docket 2015-103-E, Page 36, starting at Line 18.
- 6-16. Provide all correspondence including e-mails between WEC/CB&I and the following SCE&G employees: Kevin Marsh, Steve Byrne, Jeff Archie, Alan Torres, Kyle Young, and Bernie Hydrick, during the time period between July 2014 and April 2015 caused by, related to, or in reference to the WEC/CB&I Revised, Fully Integrated, Construction Schedule that WEC/CB&I provided to SCE&G in the third quarter of 2014.

SCANA 10-K

6-17. Refer to page 113 of the SCANA 2017 10-K, which states:

A pre-tax impairment loss was recorded in the aggregate amount of \$361 million to write off costs which had been previously deferred, primarily as regulatory assets, in connection with the Nuclear Project. Such regulatory assets included deferred losses on interest rate swaps for which debt will not be issued due to the abandonment of the Nuclear Project, carrying costs on deferred tax assets arising from the capitalization of interest costs for tax purposes, net deferred costs and tax benefits related to foregone domestic production activities deductions (net of uncertain tax positions and credits) taken with respect to the project, and taxes associated with equity AFC.

In addition, refer to the response to ORS 1-137 which details \$323.641 million in regulatory assets that SCE&G does not plan to seek recovery of by type, as outlined in Section 57.c. of the Joint Application.

- a. Provide a reconciliation between the amount for each regulatory asset comprising the \$361 million included in the December 2017 actual writeoffs and the amount for each comparable regulatory asset comprising the \$323.641 million cited in response to ORS 1-137.
 - b. Refer to the response to part (a) of this question. Provide all workpapers used to calculate the actual regulatory asset writeoffs cited in the 2017 10-K and the regulatory asset writeoffs cited in response to ORS 1-137, including electronic spreadsheets in live format with all formulas intact.
 - c. Refer to the response to part (a) of this question. Provide the related income tax effects of the actual regulatory asset writeoffs cited in the 2017 10-K and the regulatory asset writeoffs cited in response to ORS 1-137. Provide all workpapers used in calculating the income tax effects, including electronic spreadsheets in live format with all formulas intact.
 - d. Provide all journal entries, including accounts/subaccounts and amounts, related to the actual December 2017 regulatory asset writeoffs, including the related income tax journal entries. Provide a detailed description of each account/subaccount used for this purpose that is not listed and defined in the FERC USOA.
- 6-18. Refer to pages 109 and 113 of the SCANA 2017 10-K, which indicate that SCE&G recognized NND impairment losses before income taxes of \$210 million in September 2017 and \$280 million in December 2017.

- a. Provide all workpapers used to calculate the actual NND impairment loss writeoffs cited in the 2017 10-K, including electronic spreadsheets in live format with all formulas intact.
 - b. Refer to the response to part (a) of this question. Provide the related income tax effects of the actual NND impairment loss writeoffs cited in the 2017 10-K. Provide all workpapers used in calculating the income tax effects, including electronic spreadsheets in live format with all formulas intact.
 - c. Provide all journal entries, including accounts/subaccounts and amounts, related to the actual NND impairment loss writeoffs in September and December 2017, including the related income tax journal entries. Provide a detailed description of each account/subaccount used for this purpose that is not listed and defined in the FERC USOA.
- 6-19. Refer to page 109 of the SCANA 2017 10-K, which reflects the amount associated with “Nuclear Project and switchyard assets transferred for use by Unit 1” as \$84 million. Refer also to the response to ORS 1-126. Provide a detailed description of each of the specific “Nuclear Project” and “switchyard” assets transferred for use by Unit 1 and a schedule of the related costs by FERC account/subaccount and any additional level of detail available. In addition, provide all reasons why each such asset is necessary or otherwise useful for Unit 1.

Other

- 6-20. Refer to ASC 980-360-35-8.b, which states: “If partial or no return on investment is likely to be provided, the asset shall be amortized in a manner that will produce a constant return on the unamortized investment in the new asset equal to the rate at which the expected revenues were discounted.”
- a. Provide SCE&G’s understanding of the term “constant return on the unamortized investment.” Identify and provide all authoritative support relied on for this understanding.
 - b. Provide a calculation of the annual amortization expense pursuant to this GAAP requirement and the annual revenue requirement, assuming \$1 billion in deferred abandoned plant cost, liability ADIT of \$210 million related to the deferred abandoned plant cost, 21% federal income tax rate, 0% state income tax rate, 5% incremental cost of long term debt, and 20-year amortization and 5% return on investment allowed for ratemaking purposes.
 - c. Provide the calculation of any impairment loss, including the related income tax effects of the impairment loss, assuming the same facts provided in part (b) of this question, except with a 0% return on investment allowed for ratemaking purposes. In addition, provide a calculation of the annual amortization expense and annual

interest income pursuant to this GAAP requirement after the recognition of the impairment loss and the annual revenue requirement.

6-21. Refer to the FERC Policy Statement issued in FERC Docket No. PL15-3-000 “regarding future implementation of hold harmless commitments offered by applicants as ratepayer protection mechanisms to mitigate adverse effects on rates that may result from transactions subject to section 203 of the Federal Power Act (FPA).”

- a. Confirm that Dominion Energy and Dominion Energy Services intend to comply with the requirements set forth in the FERC Policy Statement regarding transaction and transition costs, not only for FERC jurisdictional transaction and transition costs, but also for SC retail jurisdictional transaction and transition costs.
- b. Confirm that SCANA Corporation, SCANA Services, Inc., and SCE&G intend to comply with the requirements set forth in the FERC Policy Statement regarding transaction and transition costs, not only for FERC jurisdictional transaction and transition costs, but also for SC retail jurisdictional transaction and transition costs.
- c. On pages 31-32 of the FERC Policy Statement, the FERC provides a list of “transaction costs,” which includes “internal labor costs of employees.”
 - i. Describe how SCANA Corporation, SCANA Services, Inc., and SCE&G track the “internal labor costs of employees” for this purpose. Provide a copy of all documentation that addresses how such costs are to be tracked by each entity.
 - ii. Describe how SCANA Corporation, SCANA Services, Inc., and SCE&G account for such costs. Provide a copy of all documentation that addresses how such costs are to be accounted for by each entity.
 - iii. Describe any reimbursement provided by SCANA Corporation and/or SCANA Services, Inc. to SCE&G for costs that SCE&G incurs and the accounting for such reimbursement by each entity. Provide a copy of all documentation that addresses such reimbursement and the accounting for such reimbursements by each entity.
 - iv. Provide the expenses by month and by FERC account/subaccount from July 2017 through the most recent month for which actual information is available for such internal labor costs and reimbursements incurred by each entity.
- d. On pages 37-38 of the FERC Policy Statement, the FERC states the following:

53. While applicants may present their case-by-case analysis when they seek to recover capital costs in an FPA section 205 proceeding, we advise applicants to present a clear case in their FPA section 203 application to avoid uncertainty when possible. Therefore, we advise applicants to clearly state which known capital costs

related to the transaction will be included or excluded from a hold harmless commitment at the time of their FPA section 203 application. Further, we advise applicants to clearly explain a process for determining which capital costs—that may be unknown at the time of the application but are related to the transaction and determined at a future date—will be included or excluded from a hold harmless commitment at the time of their FPA section 203 application. Similarly, we advise applicants to explain the treatment of operation and maintenance costs incurred in relation to transaction-related capital costs if the related plant asset meets the used and useful criterion in providing utility service, the Commission may consider exclusion of such costs from the hold harmless commitment. A clear explanation in the FPA section 203 application of the treatment of capital costs will aid the Commission and third parties in understanding how a transaction will not have an adverse effect on rates both in considering the application and in future related proceedings, including any future FPA section 205 filing to show transaction-related savings.

- i. Identify and quantify all known capital costs related to the transaction that will be recorded by Dominion, Dominion Services, SCANA Corporation, SCANA Services, and SCE&G. Indicate which of these costs will be excluded from SCE&G rate recovery and describe how Dominion and SCANA will ensure that each such cost will be excluded in future SCE&G rate proceedings.
 - ii. Describe the process for determining which capital costs—that may be unknown at the time of the application but are related to the transaction and determined at a future date—will be included or excluded in future SCE&G rate proceedings.
 - iii. Describe the operation and maintenance costs that will or may be incurred in relation to transaction-related capital costs if the related plant asset meets the used and useful criterion in providing utility service and the process for determining whether the costs will be included or excluded in future SCE&G rate proceedings.
- 6-22. Refer to the Attachment to the response to ORS 4-61. Extend the schedule to include months after September 2017 through the most recent month for which actual amounts are available. In addition, separate all balance to date amounts into directs and AFUDC.
- 6-23. Refer to the top-side accounting entries to reclassify the NND CWIP to regulatory assets at September 30, 2017 and December 31, 2017 provided in response to ORS 4-62 and refer to the NND CWIP costs by month provided in the Attachment to the response to ORS 4-61. Reconcile the differing NND CWIP amounts at September 30, 2017. Confirm that the difference is due to the \$210 million impairment loss recorded at September 30, 2017. If confirmed, then explain why the impairment loss was not recorded as a reduction to the NND CWIP amount for September 30, 2017 provided in response to ORS 4-61.

- 6-24. Refer to the top-side accounting entries to reclassify the NND CWIP to regulatory assets at September 30, 2017 and December 31, 2017 provided in response to ORS 4-62.
- a. Reconcile and describe each difference between the amounts at September 30, 2017 and December 31, 2017. The total difference is \$544,663,374.
 - b. The response indicates that the impairment loss as of December 31, 2017 was \$670 million, yet the 2017 SCANA 10-K indicates that the NND project costs impairment loss was \$210 million in September 2017 plus another \$280 million in December 2017, or a total of \$490 million. The difference between the \$670 million and the \$490 million is \$180 million.
 - i. Confirm that the \$180 million is the cost to acquire the Columbia Energy Center.
 - ii. If confirmed, then explain why the cost to acquire the Columbia Energy Center was used to reduce the NND project costs.
 - iii. Provide and describe the SCE&G accounting entries that it will record when it actually acquires the Columbia Energy Center, including the accounts/subaccounts and amounts, as well as the related income tax effects. Indicate whether the Company will reverse the impairment loss taken in December 2017 used to reduce the NND project costs recorded in CWIP. If the response to the latter question is no, then explain why it will not do so.
 - iv. Confirm that Dominion and SCE&G's commitment that SCE&G will not include the cost of the acquisition of the Columbia Energy Center in rate base also includes the commitment that it will not include the related asset ADIT in rate base in future rate proceedings. Explain the response.
 - v. Confirm that if SCE&G reduces the NND project costs by the cost of acquiring the Columbia Energy Center, then this effectively includes the related asset ADIT in the proposed CCR as a reduction to the NND project cost liability ADIT. Explain your response and indicate if this result was intended or unintended. If intended, then explain why SCE&G believes this is appropriate for ratemaking purposes.
- 6-25. Refer to page 53 of the SCE&G 2017 10-K related to the \$180 million impairment loss associated with the Company's "entry into an agreement in the fourth quarter of 2017 to purchase in 2018 an existing 540-MW combined cycle gas generating station." Provide a copy of the purchase agreement.

- 6-26. Refer to lines 5-6 of the Summary tab of the Attachment (Excel workbook) to the response to ORS 4-64, which provides the federal and state ADIT effect by month of the NND cost book impairment losses. Lines 5-6 do not include the federal and state ADIT effect of the December 2017 NND cost book impairment loss, which appear to be included in lines 23-24, although it is not separately shown. Provide a version of the Summary tab that separately shows the federal and state ADIT effect of the December 2017 NND cost book impairment loss.
- 6-27. Refer to line 6 of the Purple tab of the Attachment (Excel workbook) to the response to ORS 4-64, which indicates that the book basis of the regulatory asset for the NND costs is \$3,975,479,168. Confirm that this amount is consistent and approximately equivalent to the \$3,975,520,191 NND cost regulatory asset at December 31, 2017. In addition, confirm that the \$3,975,479,168 reflects a reduction in the NND costs for the \$180 million cost to acquire the Columbia Energy Center and that the related ADIT shown on lines 9-10 of this Attachment reflects the asset ADIT on the \$180 million. Explain your response.
- 6-28. Refer to the 12-2.1 tab of the Attachment (Excel workbook) provided in response to ORS 4-65, which provides a copy of the journal entry for the impairment loss to acquire the Columbia Energy Center as a reduction to the NND costs CWIP.
- a. Explain why SCE&G credited the impairment loss for the cost to acquire the Columbia Energy Center against the NND costs CWIP. Provide all authoritative support for this accounting and a copy of all documentation that addresses this accounting, including, but not limited to, internal correspondence such as memos and emails.
 - b. Provide a copy of all other journal entries related to the acquisition of the Columbia Energy Center, including all income tax effects to date. Also provide a copy of all documentation related to the cost and income tax effects.
 - c. Describe the status of the acquisition of the Columbia Energy Center. If it has not yet been acquired, then provide the date on which the transaction is expected to close.
- 6-29. Refer to page 10 of the Attachment to the response to ORS 4-66 related to nuclear fuel impairment loss writeoffs.
- a. Indicate whether the nuclear fuel costs were included in the NND project costs before the impairment loss writeoff. If so, what is the amount related to the return on these costs included in present revised rates? Provide all data, assumptions, calculations, and workpapers, including electronic spreadsheets that support your response.
 - b. The nuclear fuel impairment loss writeoffs are shown for NU and SCFC business units. Identify the accounts that SCE&G used to record the nuclear fuel cost assets on its accounting books.

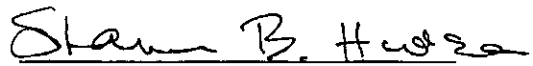
- 6-30. Refer to page 11 of the Attachment to the response to ORS 4-66 related to nuclear fuel impairment loss writeoffs.
- Provide the documentation that supports a remaining carrying value of \$22,740,654 for Unit 2 and \$21,043,281 for Unit 3.
 - Describe the status of the disposition of these nuclear fuel assets and the resolution of the carrying value of the related costs.
- 6-31. Refer to the Attachment to the response to ORS 4-71. The Attachment shows various retail allocation factors for the Rate History.
- Provide the appropriate retail allocation factor for the recoverable NND costs. Provide all support developed and/or relied on for the calculation of the retail allocation factor.
 - Describe whether, and if so, how, SCE&G plans to recover the wholesale portion of the recoverable NND costs.
- 6-32. Refer to the responses to ORS 4-76 and 4-77, which asked for the protected and unprotected excess deferred income taxes by temporary difference, respectively. The responses do not provide the excess deferred income taxes by temporary difference, except for the abandonment loss and investment tax credit. The response groups other temporary differences into categories. Provide the information that was requested in ORS 4-76 and 4-77 by temporary difference.
- 6-33. Provide a forecast of SCE&G's capital structure following the acquisition by Dominion, including the implementation of the CBP. Provide this forecast for 2018 through 2023.
- 6-34. Provide a detailed description of Dominion's plans for SCE&G's capital structure following the acquisition, including all analyses, studies, and other supporting documentation. Indicate whether Dominion plans to maintain SCE&G's current equity and debt ratios if the transaction is consummated. If not, then provide Dominion's rationale for modifying the capital structure.
- 6-35. Provide the year-end capitalization amounts and percentages for Dominion and each of its subsidiaries for the last five calendar years.
- 6-36. Provide the year-end capitalization amounts and percentages for SCANA and each of its subsidiaries for the last five calendar years.
- 6-37. Provide and describe all commitments offered by Dominion in this proceeding to maintain local management control and decision-making in South Carolina, including access by regulators and lawmakers to local management.
- 6-38. Confirm that Dominion will maintain local access to SCE&G's accounting books and records if the merger is consummated. If confirmed, then describe how Dominion will ensure and provide local access.

- 6-39. Provide and describe all commitments offered by Dominion in this proceeding to maintain local employment, including maintaining staffing and/or functions presently performed locally by SCANA Service Company or transferring staffing and/or functions from Dominion Energy Services, Inc. after Dominion transitions common and shared services to Dominion Energy Services, Inc. from SCANA Services, Inc.
- 6-40. Indicate whether SCANA Services, Inc. presently charges its affiliates, including SCE&G, a rate of return applied to rate base or the equivalent of rate base investment. If so, then describe how the rate of return is developed, including the cost of equity and any related income tax gross-up, cost of long-term debt, and cost of short-term debt. In addition, describe how the rate base or the equivalent of rate base investment is calculated for this purpose.
- 6-41. Indicate whether Dominion Energy Services, Inc. charges its affiliates, including SCE&G, a rate of return applied to rate base or the equivalent of rate base investment. If so, then describe how the rate of return is developed, including the cost of equity and any related income tax gross-up, cost of long-term debt, and cost of short-term debt. In addition, describe how the rate base or the equivalent of rate base investment is calculated for this purpose.
- 6-42. Refer to pages 3, 5 and 6 of Exhibit 9 attached to the Application in this proceeding. Indicate whether Dominion plans to move or reposition any SCANA legal entities after the merger is consummated, e.g., Public Service Company of North Carolina from a subsidiary of SCANA Corp. to a subsidiary of Dominion Energy Gas Holdings, LLC, the parent of The East Ohio Gas Company. Provide a copy of all analyses, studies, and correspondence that address these issues.
- 6-43. Provide all accounting Dominion guidance and procedures that address the accounting for transaction and transition costs before and after a transaction is consummated.
- 6-44. Describe all changes in SCANA Corp. and SCE&G accounting that will be necessary to conform their accounting to that of Dominion if the merger is consummated. Provide a copy of all analyses, studies, and correspondence that address this issue.
- 6-45. Refer to SCANA Corp.'s 425 filing with the SEC on February 20, 2018, which states in part:

Other news reports suggest the filing shows that companies other than Dominion were interested in buying SCANA. Is that accurate?

To be clear, although we had conversations with other utilities that expressed some form of interest, those expressions of interest did not result in actual offers to buy SCANA. Dominion presented us with a customer-focused proposal, which was the only offer we received.

Describe all efforts made by SCANA Corp. to solicit offers other than from Dominion, including, but not limited to, the retention of an investment banking firm to solicit, evaluate, and negotiate such offers on behalf of SCANA Corp. and its shareholders, if any.



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